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S E C R E T SECTION 01 OF 05 KUWAIT 001980

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E.O. 12958: DECL: 05/29/2016
TAGS: [PREL](#) [PGOV](#) [KU](#)
SUBJECT: SCENESETTER FOR JUNE 2-3 VISIT TO KUWAIT OF NEA
ASSISTANT SECRETARY DAVID WELCH

REF: A. KUWAIT 1911 -- (S) INFLUENTIAL AL-SABAH ADVISES
U.S. TO STAY OUT OF KUWAITI POLITICS
[1](#)B. KUWAIT 1844 -- FREEDOM AGENDA: PARLIAMENT
DISSOLUTION PRESENTS BOTH OPPORTUNITIES
AND CHALLENGES
[1](#)C. KUWAIT 1790 -- KUWAIT TELLS DOD-STATE-NSC TEAM
GCC CONSENSUS NEEDED TO COUNTER IRANIAN
THREAT
[1](#)D. KUWAIT 1687 -- TREASURY UNDER SECRETARY LEVEY
DISCUSSES TERRORIST FINANCING PRIORITIES
WITH GOK OFFICIALS
[1](#)E. KUWAIT 1594 -- APPEAL OF PENINSULA LIONS VERDICT
[1](#)F. 05 KUWAIT 3446 -- KUWAITIS DENOUNCE IRAQI MPS'
COMMENTS ON ANNIVERSARY OF INVASION
[1](#)G. 05 KUWAIT 2258 -- FOUR OUT OF FIVE KUWAITI
LAWYERS AGREE: SYSTEMIC LEGAL FLAWS
HAMPER JUSTICE

Classified By: Ambassador Richard LeBaron for reasons 1.4 (b) and (d)

[1](#)1. (SBU) Welcome to Kuwait. Your June 2-3 visit follows
the recent productive visits of other Department principals
-- Under Secretary Joseph, Assistant Secretary Hillen,
Counselor Zelikow, and Assistant Secretary Wayne. You will
meet with Amir Shaykh Sabah Al-Ahmed Al-Jaber Al-Sabah and
Post is waiting for confirmation of meetings with Prime
Minister Shaykh Nasser Al-Mohammed Al-Sabah, MFA Under
Secretary Khaled Al-Jarallah (the Foreign Minister will be in

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Riyadh), and National Security Bureau President Shaykh Sabah
Al-Khaled Al-Sabah. The Ambassador will host a dinner Friday
night; guests will include male and female candidates for
Parliament, Government officials, academics, and political
activists.

[1](#)2. (C/NF) You are coming at a time when Kuwaitis are
fixated on domestic politics. Parliamentary elections are
scheduled for June 29. The electoral reform argument between
the Government and the National Assembly was really about
power sharing and liberal candidates want to turn this
election into a referendum on the role of the ruling family.
The Al-Sabah family may accept some reform on the margins,
but essentially see anything but the status quo as a threat.
This will be the first time that women, who represent more
than 50 percent of the electorate, will vote and run for
national office. All Kuwaitis are paying close attention to
the campaigns, pondering the effect on society of the women's
vote and engaging in debate on the pace and extent of reform
that is proper for what remains a conservative society.

13. (C/NF) Kuwait is becoming a bit more assertive in regional affairs, partly because the leadership fears the consequences of U.S. military action against Iran. At the Riyadh informal GCC summit, Kuwait proposed to GCC leaders a strategic plan on Gulf security and development and maintains a dialog with Iran on its behavior in the region and nuclear aspirations. Kuwait is our steadiest and most generous regional supporter of U.S. and coalition efforts in Iraq and has offered political and financial support to Iraq's new leaders. Your visit presents an opportunity to thank Kuwait for its support, commend Kuwait's role in regional politics and encourage participation in security initiatives, encourage continued political reform, and outline areas for future cooperation. The Kuwaitis will also be interested in your assessment of the new Iraqi cabinet, the status of the temporary international mechanism for Palestinian aid, and your views on the Lebanese/Syrian situation. It would be useful to brief on the status of the latest package of incentives to influence Iranian behavior and on your assessment of our new relations with Libya. The Amir will likely raise the return of the remaining six Kuwaiti prisoners at Guantanamo. His staff may inquire about the status of the Amir's proposed September visit to Washington, (NSC is working on dates).

Political Developments

14. (C/NF) Amir Shaykh Sabah Al-Ahmed came to power January 29, in a constitutional process involving Parliament when ruling family members could not resolve internal disputes on succession. Shaykh Sabah, former Prime Minister and former Foreign Minister, in succeeding his half-brother who ruled for 27 years, gained an unprecedented consolidation of control over the ruling family. Shaykh Sabah had been Kuwait's de facto ruler for several years and his succession

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was expected (or hoped) to set Kuwait on a path of political and economic reform, including progress in security; economic developments including approval of the northern oil fields development project; press freedom; social affairs issues such as passage of a new labor law; and engaging Kuwaiti youth. Parliament passed a new press law, but there have been no legislative developments on the northern oil fields in part due to strident debate on reform of electoral districts which precipitated the May 21 decision to dissolve Parliament. As Amir, Shaykh Sabah has not yet lived up to the expectations that he would lead a more active and decisive administration. Observers are just as prone to blame the Government's lack of leadership for the recent impasse as an unruly and overreaching Parliament.

15. (C/NF) The Amiri decision to dissolve Parliament and subsequently schedule elections for June 29 presents both opportunities and challenges to democratization in Kuwait (ref B). The participation of women for the first time, as both voters and candidates, has doubled the number of voters, thereby diminishing the potential for electoral corruption through vote-buying and vote-transferring. The brief campaign period, however, will hamper the ability of both women and first-time candidates to stage effective campaigns and reach a significant number of voters. It is possible that incumbents, based on name recognition alone, will be re-elected resulting again in a Parliament focused on personal interest and not serious about development and reform. (Traditionally, 40-50 percent of incumbents are defeated in parliamentary elections.) At the top of Post's Freedom Agenda is supporting the full political participation of women and encouraging more representative democracy in Kuwait, and some elements of the Al-Sabah family are beginning to worry about the consequences of our policy for their future role. In the current period of political change, Post is working to advance these goals through MEPI-funded programs to support and encourage women candidates and voters and to increase voter awareness. While

there is no doubt in Kuwait about U.S. support for democracy, we have found it tactically effective to pursue our efforts quietly and always through local partners (ref A).

Gulf Security and Iran

16. (C/NF) Counselor Zelikow, U/S Joseph, and A/S Hillen have all recently traveled to Kuwait to engage the Government on U.S. interest in strengthening defense and counter-proliferation cooperation and working together to counter the regional threat posed by Iran (ref C). The GOK welcomed news of the "Gulf Security Dialogue" and has orally committed to endorsing the Proliferation Security Initiative (PSI) and attending the June high-level meeting in Warsaw. Kuwait has also played a regional leadership role in encouraging Iran to cooperate with the international community and the IAEA, and to cease interfering in the internal affairs of its neighbors. Kuwait presented a strategic outline to the GCC at its May 6 consultative summit and proposed that an Oman-led GCC delegation travel to Tehran. There has also been a steady stream of Iranian officials to Kuwait to whom GOK leaders have delivered clear messages that they should cooperate with the IAEA and EU. Despite GOK concerns about the Iranian threat to regional security, there are limits to how hard the GOK is willing to press its GCC partners and how far to go in discussions with the GOI whose meddling in Kuwait the GOK wants to limit and with which the GOK wants to conclude bilateral agreements on the continental shelf, water, and gas exploration. Like other GCC partners, the Kuwaitis fear yet another conflict in this region and the consequences to Kuwait that could be expected from an attack on Iranian nuclear facilities. This Sunni regime is also wary of Iranian attempts to activate Shi'a in Kuwait -- 30 percent of the population.

Iraq

17. (SBU) The GOK has supported coalition efforts to promote democracy and stability in Iraq and has also provided moral and financial support to the Iraqi Government. The GOK was one of the first countries to congratulate PM Al-Maliki's formation of a new Cabinet and Kuwaiti officials have regularly encouraged Iraqi Sunnis to participate in the political process. Expenditures from a \$560M reconstruction assistance package, to be administered by the Kuwait Fund for

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Arab Economic Development, have been on hold which GOK officials attribute to the Iraqi delay in forming a permanent Government. Nevertheless, GOK officials are hopeful that construction on a school project (\$30M grant) will begin by year's end. The Kuwait Fund is also considering a concessional loan for power sector development in Iraq's north. Kuwaiti businessmen are also investigating investing in Iraq's north, and the big Kuwaiti banks have developed relationships that they want to expand when security conditions allow. There is some understandable wariness about Al-Maliki -- on the August 2, 2005 anniversary of Kuwaiti liberation, Al-Maliki was quoted as saying in a televised debate saying that Kuwait "crossed the border to install oil derricks on our agricultural land, destroyed buildings in Umm Qasr with bulldozers and installed new border demarcations" (ref F).

Military Cooperation and the CENTCOM Presence

18. (S/NF) Since the 1991 liberation of Kuwait, military cooperation and relations between the U.S. and Kuwait have been very strong, but there are signs of wear. For example, on May 29, the Kuwaiti Chief of Staff refused the U.S. military's request to lengthen a ramp to accommodate C-17s at Ali Al-Salem airbase, the springboard for OIF flights, as well as to construct a Level 1 Trauma hospital at Ali

Al-Salem, both at U.S. expense. The decision to deny the requests followed more than four months of waiting as the COS recovered from surgery for a brain tumor. Nonetheless, Kuwait features prominently in CENTCOM's future basing plan for an expanded military presence with all expenses borne by the GOK. The COS has posed questions regarding the abridged version of the future basing plan presented to him in January 2006. Officials in KMOD as well as other ministries who have heard of the plan have expressed concern that no final number of troops and the costs related to hosting them have been presented. Some officials in the GOK have privately expressed concerns about comments from Washington on Iran and possible plans to use Kuwaiti bases as part of operations against Iran. The last Joint Military Commission was held in Washington in the spring of 2004. In March, Kuwait Armed Forces offered to host the event in June 2006. OSD is not available and is expected to propose a meeting date in December 2006.

19. (S/NF) Kuwait currently hosts approximately 22,000 U.S. military and civilian contractors at bases around the country. Camp Arifjan, constructed with GOK funds at a cost of \$140M is the home of Third Army HQ, ARCENT HQ, and Coalition Forces Land Component Command (CFLCC) HQ and houses almost half of the U.S. presence in Kuwait. Kuwait Navy Base (KNB) is a transit site for cargo and military personnel. U.S. forces use a significant portion of KNB as a Life Support Area for military port workers, U.S. coastal security forces, and Naval special mission units. Shuaiba Port is used for deep-water shipping and is used to offload supplies for rotational forces. Ali Al-Salem airbase, a Kuwait-U.S. shared base, serves as the major intra-theater cargo hub for coalition aircraft. It also bases Japanese and Korean coalition planes. Abdullah Al-Mubarak airbase is located next to Kuwait's international airport and provides strategic/inter-theater air support and also serve as the theater mortuary evacuation point for Iraq and Kuwait. Camp Buehring and Udairi Range are used for advanced IED and live-fire training for both U.S. and coalition troops.

Economic Issues

10. (C/NF) Kuwait's economy continues to benefit from the oil boom largely responsible for the country's estimated \$56 billion GDP and its annual 8.5% growth rate. Progress on securing approval for Kuwait Project, intended to develop the country's northern oil fields, has stalled since December 2005 with some indication that the GOK will revisit the matter later this year. Economic reforms remain stagnant, due in large part to the country's economic boom and the lack of political incentive to enact timely reforms. The dissolution of Parliament, however, is likely to result in an Amiri decree on tax reform intended to reduce the outdated foreign corporate tax rate from 55% to 15%. Post continues to engage the GOK on taxation, IPR enforcement (recently upgraded to Watch List status), terrorism finance (no law criminalizing TF), and stock market regulation (no capital

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markets authority). Although the Amir has given his approval for an Open Skies agreement, the GOK has not yet committed to a formal signing date. TIFA-related discussions continue at a stately pace and the GOK's offer to host a June TIFA council meeting in Kuwait was postponed following announcement of June elections. Post is reaching out to GOK and Kuwaiti private sector officials to encourage Kuwaiti representation at the June 26-28 U.S.-Arab Economic Forum in Houston.

CT Cooperation

11. (C/NF) The January 2005 discovery of an indigenous terrorist cell was a wake-up call for GOK leaders on domestic threats to both Kuwaiti and U.S. interests. The GOK

responded with force, killing or arresting a majority of cell members. As a result, the GOK strengthened CT cooperation with the U.S., although coordination is not consistent. Post provides training to the GOK through a variety of programs -- ATA, DIA training, and support to Kuwait's J2 -- and Embassy Kuwait-hosted an Iraq and Neighbors CT conference that identified areas for regional cooperation in combating terrorism. Several members of the Peninsula Lions cell were sentenced to death, life in prison, or hard labor, although many of the verdicts have been referred to the Constitutional Court for a ruling on issues related to intent and conspiracy (ref E). Despite the harsh sentences for Peninsula Lions members, punishment for those who commit, assist, or finance terror activities is uneven, a result many lawyer says is due to inadequate laws (ref G). In other efforts to combat terrorism, the GOK has arrested extremist foreign preachers and the Ministry of Awqaf and Religious Affairs has launched a moderation campaign and conferences on religious tolerance in Kuwait, London, and Washington.

¶12. (C/NF) Kuwait's 2002 law criminalizing money-laundering falls short of criminalizing terrorist financing. Legal reform efforts, spearheaded by the Central Bank Governor, are underway to revise the 2002 law to ensure compliance with international TF/AML regulations and standards. Charity oversight remains an important issue of concern, evidenced by Treasury Under Secretary Stuart Levey's April 29 visit and discussions centering on the Kuwaiti-based organization Revival of the Islamic Heritage Society (RIHS) and its alleged ties to Islamic extremists (ref D). The GOK has promised to look into allegations against RIHS and Kuwaiti nationals suspected of financing terrorism. The Ministry of Social Affairs and Labor (charity oversight lead) has taken tangible steps to strengthen charity oversight through more streamlined and transparent donation procedures. More remains to be done by the GOK to ensure effective oversight of charities' accounting procedures and their activities abroad. Post will continue to explore technical assistance opportunities for the GOK in order to promote capacity building and strengthen Kuwait's CTF/AML regime.

Guantanamo

¶13. (C/NF) Of the 12 Kuwaiti nationals detained at Guantanamo, six have been returned to Kuwait. One was convicted and is serving a prison sentence. The other five were recently acquitted and their cases will be appealed by the prosecutor. The GOK, through the Kuwaiti Ambassador in Washington, has been asked by OSD for stronger assurances that the remaining detainees, if returned to Kuwait, will be detained, prosecuted, and subject to surveillance and a travel ban.

The U.S. Mission

¶14. (SBU) Embassy Kuwait has 213 American direct-hire positions under Chief of Mission authority of which more than half are military or Department of Defense civilians from 11 separate DOD departments. In addition to State and DOD, other agencies represented include the Departments of Commerce, Homeland Security (U.S. Customs and Border Protection), the International Broadcasting Bureau, and the Federal Highways Administration. Post employs 350 Locally Engaged Staff, of whom all but two are third-country nationals, and 14 local-hire Americans including Eligible Family Members. Post moved into the current, well-protected chancery in 1996 and staffing levels have already exhausted

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existing facilities. Due to a lack of CAA space, Post declined an FBI request for a three-person office. State USDH positions have increased by 58% since 2003 and Post has proposed building an unclassified annex to allow for CAA expansion of the chancery. Post awaits Bureau support for

this project. All mission sections also support U.S. efforts in Iraq and Post will soon add to the political section a rotational position to be shared with Embassy Baghdad.

¶15. (SBU) The presence in Kuwait of the Federal Deployment Center and the frequency of military flights to Iraq from Ali Al-Salem airbase and Camp Mubarak means that Kuwait remains the preferred transit point for many USG travelers to Iraq. Since January, our Iraq Support Unit and other sections have supported 29 CODELS and 4 delegations of U.S. governors.

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